

BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	HB 3233
Version:	INT
Request Number:	9049
Author:	Lawson
Date:	2/9/2024
Impact:	See Analysis Below

Research Analysis

HB3233, as introduced, decreases the apportionment of sales and use tax to the General Revenue Fund in order to increase the funding to various tourism funds for FY 2025 and future years.

For the General Revenue Fund, the percentage from sales and use tax will be lowered by 0.5% each year beginning FY 2025 until FY 2028.

	FY 2024 (current)	FY 2025	FY 2026	FY 2027	FY 2028 and future
Sales/Use to GR Fund	83.36%	82.73%	82.23%	81.73%	81.23%

The amount of sales and use tax revenue set aside for tourism will increase to 1.5% beginning FY 2025 and increase by 0.5% each year until FY 2028. The first \$6.6 million of the combined revenue will be credited to the Oklahoma Route 66 Commission Revolving Fund. 36% of the remainder will be credited to the Oklahoma Tourism Promotion Revolving Fund and the remaining 64% will be credited to the Oklahoma Tourism Capital Improvement Revolving Fund.

The cap on the amount of sales and use tax revenue going to the Oklahoma Historical Society Capital Improvement and Operations Revolving Fund is also eliminated. The fund will receive its full 0.06% appointment.

The measure also updates restrictions to the use of funds in the Tourism Promotion Revolving Fund by allowing no more than 20% of funds be spent on operations and removing the restriction that the funds cannot be use to pay for employee salaries.

Prepared By: Quyen Do

Fiscal Analysis

As introduced, HB 3233 proposes to incrementally decrease the percentage of sales and use tax revenues apportioned to the General Revenue Fund and increase the percentage apportioned to various Tourism funds. The measure also proposes to modify the apportionment formulas for additional appropriations to Tourism funds from sales tax revenue and remove caps on certain funds from allocated sales and use tax revenues. This measure is not expected to impact state revenue, but will change the allocation of funds.

Analysis from the Oklahoma Tax Commission:

REVENUE IMPACT:

HB 3233 will have no impact on tax revenue but will change the allocation of funds^{2,3} (see attachment). As proposed, for FY 28 and beyond, 0.25% of revenue is unaccounted for in the appropriation formula under 68 O.S. §§ 1353 and 1403.

FY 25: None.

FY 26: None.

² HB 3233 proposes to strike apportionment cap language effective for prior fiscal years. Historical progression of apportionment changes and effective dates are typically helpful to preserve in statute.

³ HB 3233 retains a reference to further apportionments in subparagraph b of subsection 4, however, the amendments propose to strike subparagraph b (see page 14 of HB 3233).

Table 1: Apportionment to various funds under 68 O.S. §§ 1353 (sales tax) and 1403 (use tax), under current law and as proposed in HB 3233:

	FY 24	FY 25	FY 26	FY 27	FY 28+
68 O.S. 1353-A.1 and 1403-A.1: General Revenue Fund (current)	83.36%	83.36%	83.36%	83.36%	83.61%
<i>Proposed</i>	<i>n/a</i>	<i>82.73%</i>	<i>82.23%</i>	<i>81.73%</i>	<i>81.23%</i>
68 O.S. 1353-A.4.a and 1403-A.4.a: State Treasurer to be further apportioned (current)	0.87%	0.87%	0.87%	0.87%	0.87%
<i>Proposed</i>	<i>n/a</i>	<i>1.5%</i>	<i>2.0%</i>	<i>2.5%</i>	<i>3.0%</i>
68 O.S. 1353-A.5 and 1403-A.5: Oklahoma Historical Society Capital Improvement Fund (current)	0.06% annually, capped each year at FY 15 level (Sales Tax Cap: \$1,449,390, Use Tax Cap: \$146,562), excess to GRF				
<i>Proposed</i>	<i>N/A</i>	<i>0.06%, removes cap</i>			
Other funds appropriated under 1353 and 1403	No change				

Table 2: Apportionment formulas for funds under 68 O.S. §§ 1353-A.4 (sales tax) and 1403-A.4 (use tax), under current law and as proposed in HB 3233. All proposed changes begin in FY 25:

	Amount	Cap	Excess
1353-A.4.a(1): Oklahoma Tourism Promotion Revolving Fund (current)	24%	\$5 million	To GRF
<i>Proposed</i>	<i>36%</i>	<i>None</i>	<i>None</i>
1403-A.4.a(1): Oklahoma Tourism Promotion Revolving Fund (current)	36%	FY 15 cap (\$757,235.89)	To GRF
<i>Proposed</i>	<i>36%</i>	<i>None</i>	<i>None</i>
1353-A.4.a(2): Oklahoma Tourism Capital Improvement Fund (current)	44%	\$9 million	To GRF
<i>Proposed</i>	<i>64%</i>	<i>None</i>	<i>None</i>
1403-A.4.a(2): Oklahoma Tourism Capital Improvement Fund (current)	64%	FY 15 cap (\$1,367,910)	To GRF
<i>Proposed</i>	<i>64%</i>	<i>None</i>	<i>None</i>
1353-A.4.a(3): Route 66 Commission Revolving Fund (current)	32%	\$6.6 million	To GRF
<i>Proposed</i>	<i>First \$6.6 million</i>	<i>n/a</i>	<i>n/a</i>

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Other Considerations

None.

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